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EX PARTE OR LATE FILED

**PACIFIC**  **TELESIS**  
Group-Washington

November 6, 1996

**EX PARTE**

William F. Caton  
Acting Secretary  
Federal Communications Commission  
Mail Stop 1170  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Dear Mr. Caton:

Re: *CC Docket Nos. 96-149 and 95-116* /

On November 4 and 5, representatives of Pacific Telesis made Ex Parte contacts in the above referenced proceedings to discuss the attached materials. Participating for Pacific were Dave Dorman (President and CEO of Pacific Bell), Tom Moulton (Vice President of Government Relations for Pacific Telesis), and Alan Ciamporcero (Pacific Telesis Vice President - Federal Regulatory Relations). Meetings were held with:

- Chairman Reed Hundt and Larry Atlas - Associate Bureau Chief of the CCB,
- Commissioner Rachelle Chong and Dan Gonzalez - Legal Advisor,
- Commissioner Susan Ness and Jim Casserly - Senior Legal Advisor, and
- Commissioner James Quello and Pete Belvin - Senior Legal Advisor.

We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions.

Sincerely,

*Alan F. Ciamporcero (JRS)*

Attachment

cc: Chairman Hundt, Commissioner Chong, Commissioner Ness, Commissioner Quello,  
Larry Atlas, Pete Belvin, Jim Casserly, Dan Gonzalez

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**NOV - 6 1996**

Federal Communications Commission  
Office of Secretary

# **PACIFIC TELESIS GROUP**

- **In-Region NPRM (CC Docket No. 96-149)**
- **Access Reform**
- **Number Portability (CC Docket No. 95-116)**

# **PACIFIC TELESIS GROUP**

## **In-Region NPRM (Docket No. 96-149)**

- **Flexible Joint Marketing -- “One-Stop-Shopping”**
- **The Provisions of the Act Prevent Cross Subsidy and Discrimination**
- **Centralized Administrative Services Provide Consumers the Best Economic Value**
- **PBCOM Must be Declared Nondominant**

# **PACIFIC TELESIS GROUP**

## **Access Reform**

- **Provide Additional Pricing Flexibility**
- **Unleash the Power of Competition by Adopting Pure Price Caps**
- **Resolve the Unfair Competitive Advantage of the ESP Exemption**

# **PACIFIC TELESIS GROUP**

## **Number Portability (CC Docket No. 95-116)**

- **Reconsider Decision to Preclude Query on Release (“QoR”)**
- **LRN without QoR is Needlessly Costly**
- **Need Order in November -- Equipment Must be Ordered Soon to Meet the Commission’s Implementation Dates**

## **In-Region NPRM (FCC Docket 96-149)**

- **Flexible Joint Marketing -- "One-Stop Shopping"**
  - PBCOM and Pacific Bell must be able to offer One-Stop Shopping
  - Advertise and Sell Bundled Services like Numerous Well-Entrenched Competitors
  - Solicit Customers on Both Inbound and Outbound Telemarketing
- **The Provisions of the Act Prevent Cross Subsidy and Discrimination**
  - Numerous Providers Offer Comparable Services
  - PBCOM and its Affiliated LECs Must Maintain Separate Books
  - PBCOM and its Affiliated LECs Must Have Separate Personnel
  - Affiliate Transactions Rules Require LECs to be Fairly Compensated
  - Terms of Compensation will be Publicly Filed
  - The Act Requires the BOC to Provide Services to Other Carriers on the Same Terms and Conditions as Provided to PBCOM
- **Centralized Administrative Services Provide Customers the Best Economic Value**
  - Pacific Telesis Group or a Services Subsidiary can Perform Certain Functions for all Subsidiaries--including PBCOM and its Affiliated BOCs
  - Important to Meet Prices of Established Competitors that Realize Economies of Scope from Centralization
  - Under Computer II the BOC was Permitted to Provide Administrative Services to Separated Affiliates
- **PBCOM Must be Declared Nondominant**
  - To Realistically Compete with Large Established Providers like AT&T and MCI
  - Ability to Revise Prices on One Day's Notice (like our Competitors)
  - No Cost Support (like our Competitors)
  - No Price Cap Regulation (like our Competitors)-- Market to Determine Prices
  - PBCOM has no Market Power
    - PBCOM has Zero Market Share (versus AT&T's Approximate 60% Share)
    - Large Established Facilities-Based Competitors have Substitutable Excess Capacity and PBCOM's Customers will Switch Providers if its Prices and Service Quality are not Competitive
  - Pacific Bell Cannot Exert "Bottleneck" Control
    - Its Prices in both Jurisdictions are Controlled by Price Cap Regulation
    - Numerous State and FCC Commission Reporting Requirements will Detect any Nondiscriminatory Treatment
    - Unbundled Network Elements will Provide Customers Other Alternatives to Pacific Bell's Services

## **Access Reform**

- **Provide Additional Pricing Flexibility**

- Pacific Bell has Vigorous Competition in Many Markets
  - Remove Competitive Geographies from Price Caps and allow the Market to Set Prices
  - Allow Contract Based Tariffs
- No Cost Support for New Services
- Shorter Notice Periods -- e.g., 7 days
- Eliminate Rigid Part 69 Requirements -- Permit Flexible Rate Structures

- **Unleash the Power of Competition by Adopting Pure Price Caps**

- Adopt a Realistic Productivity Factor that Recognizes Increased Competition
- Provide a Permanent No-Sharing Option
- Easier Regulation
  - Combine the Multitude of Service Categories
  - Permit Zone Pricing for All Price Cap Services

- **Resolve the Unfair Competitive Advantage of the ESP Exemption**

- Favors of One Class of Customers
- The ESP Exemption was a Temporary Mechanism Implemented (13 years ago) by the Commission to Promote Growth of the Fledgling ESP Industry
- Dramatic ESP Growth in California Threatens to Impact Network Performance in Certain Areas
- Maintenance of Service Levels Requires Additional Capital Investment with no Increase in Incremental Revenues
- Rational Pricing will Stimulate Deployment of New and Superior Technologies
  - Price Circuit Switched Access on a Usage Basis
  - Modem Pools in High Volume Central Offices
  - Overlay Data Networks

## **Number Portability (FCC Docket No. 95-116)**

- **Reconsider Decision to Preclude Query on Release ("QoR")**
  - QoR will Save Hundreds of Millions of Dollars Nationwide
  - Pacific Bell alone will Save \$130 Million over Five Years using QoR with LRN
  - QoR Allows a "Ramp Up" of the Network as Needed as Porting Between Carriers Increases
- **LRN is Needlessly Costly**
  - LRN without QOR Requires Network to be Overbuilt Day One
- **Need Order in November**
  - Must Order Equipment Now to Comply with Commission's Implementation Schedule
    - Top 100 MSAs in Country Must be Converted for Number Portability by December 1998
    - 13 of the Top MSAs are in California and Represent 85% of our Wire Centers, 93% of our NXXs and 89% of our Lines
    - Los Angeles Must be Implemented by December 1997